

SUMMARY ANALYSIS OF AMENDED BILL

Author: Torlakson Analyst: Paul Brainin Bill Number: AB 168

Related Bills: AB 1040 (97), AB 1438
(93/94), SB 1289 (91/92) Telephone: 845-3380 Amended Date: 02-26-98

Attorney: Doug Bramhall

Sponsor: CA Rural Legal
Assistance Foundation

SUBJECT: Low-Income Housing Credit Allocation Limit/1998 & 1999 Increase To
\$50,000,000

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as
introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as
introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would increase the maximum aggregate housing credit dollar amount to be
allocated annually by the California Tax Credit Allocation Committee from
\$35 million to \$50 million, but only for the calendar years 1998 and 1999.

This analysis does not address the bill's provision regarding the Insurance Tax
Law, as it does not impact the department's programs and operations.

SUMMARY OF AMENDMENT

The February 26, 1998, amendment changes the aggregate housing credit dollar
amount that may be allocated annually by the California Tax Credit Allocation
Committee from \$35 million to \$50 million, but only for the calendar years 1998
and 1999.

The amendment also removes and reinstates the Bank and Corporation Tax Law
(B&CTL) section to reflect the enactment of AB 1040 (Stats. 1997, Ch. 605).

Except for the revenue estimate and position changes, the department's previous
analyses still apply.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
___ X ___ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
G. Alan Hunter **3/24/98**

Agency Secretary Date

By: Date:

FISCAL IMPACT

Tax Revenue Estimate

The revenue losses under the B&CTL and Personal Income Tax Law are estimated to be as follows:

Estimated Revenue Impact of AB 168 Assumed Enactment After June 30, 1998 (In Millions)						
1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
(Minor)	(\$4)	(\$8)	(\$8)	(\$7)	(\$2)	(Minor)

This estimate does not account for changes in employment, personal income, or gross state product that might result from this measure.

Tax Revenue Discussion

The revenue impact of this bill would depend upon the amount of additional credit allocations for low-income housing by the California Tax Credit Allocation Committee and additional credits used in subsequent years upon completion of projects.

The revenue estimate reflects applied credits in the respective years and was determined in several steps. First, the dollar amount of approved credits was obtained from the California Tax Credit Allocation Committee. According to the Committee, in 1993 and 1994, approved credits amounted to approximately \$35 million annually. Assumptions were made that if the aggregate maximum total amount that can be allocated in any given year were increased from \$35 million to \$50 million, all of the credit allocation increase for low-income housing would be allocated. Second, the amount of credit applied against tax liability was determined based on information from the California Tax Credit Allocation Committee and actual tax return data for reported low-income housing credits. According to the Committee, the majority of the low-income housing credits are normally allocated in advance of project completion and would most likely not be claimed for tax purposes until the second and third year after the credit is allocated by the Committee.

BOARD POSITION

Pending.